



FISCAL MEMORANDUM

HB 1865 - SB 2663

March 8, 2022

SUMMARY OF BILL AS AMENDED (014870): Requires a local education agency (LEA) to grant a high school student credit for certain courses if the student attains a qualifying score on a credit assessment. Requires an LEA to develop credit assessments for certain subjects and make them available to LEAs. Establishes certain reporting requirements for LEAs. Requires the State Board of Education (SBE) to determine the qualifying score for each credit assessment.

FISCAL IMPACT OF BILL AS AMENDED:

**Increase Local Expenditures - \$14,089,000/FY22-23
\$525,000/FY23-24 and Subsequent Years***

Assumptions for the bill as amended:

- A “credit assessment” is designed to be administered prior to course enrollment and to allow students to demonstrate competency in a subject.
- The proposed legislation requires each LEA to develop credit assessments for English 1, Algebra 1, and Integrated Math 1.
- Credit assessments for foreign language courses are required to be nationally normed and may be chosen by the LEA.
- There are 131 LEAs in Tennessee that have at least one high school.
- If an LEA has multiple high schools, it is assumed that LEAs will use a standardized course exam across each high school; therefore, each LEA that operates a high school will be required to develop and maintain 3 course exams.
- Based on similar development costs incurred in the state contract with NCS Pearson, Inc., it is estimated that each course exam will cost LEAs \$34,514 to develop.
- LEAs will be able to maintain and administer the assessment within existing resources.
- The mandatory one-time increase in local expenditures is estimated to be \$13,564,002 in FY22-23 (3 x 131 x \$34,514).
- LEAs are required to administer credit assessments for foreign language courses that are nationally norm-referenced.
- It is estimated that approximately five percent of a cohort, or 3,500 students, will attempt to take early credit assessments for foreign language exams.
- The average cost of a foreign language exam is \$150. It is estimated that local expenditures will increase \$525,000 in FY22-23 and subsequent years (3,500 x \$150).

- The total mandatory increase in local expenditures is estimated to be \$14,089,002 in FY22-23 (\$13,564,002 + \$525,000) and \$525,000 in FY23-24 and subsequent years.
- SBE will be able to develop scoring guidelines within existing resources. Any fiscal impact to SBE is estimated to be not significant.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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